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**BEFORE THE ARIZONA CORPORATION COMMISSION**

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER

JAN 11 11 12 49

ARIZONA CORPORATION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF  
THE ARIZONA ELECTRIC DIVISION OF  
CITIZENS COMMUNICATIONS COMPANY TO  
CHANGE THE CURRENT PURCHASED POWER  
AND FUEL ADJUSTMENT CLAUSE RATE, TO  
ESTABLISH A NEW PURCHASED POWER AND  
FUEL ADJUSTMENT CLAUSE BANK, AND TO  
REQUEST APPROVED GUIDELINES FOR THE  
RECOVERY OF COSTS INCURRED IN  
CONNECTION WITH ENERGY RISK  
MANAGEMENT INITIATIVES.

DOCKET NO. E-01032C-00-0751

Arizona Corporation Commission

**DOCKETED**

JAN 11 2002

DOCKETED BY

**AMENDED PROCEDURAL ORDER****BY THE COMMISSION:**

On September 28, 2000, the Arizona Electric Division of Citizens Communications Company ("Citizens") filed with the Arizona Corporation Commission ("Commission") an application to change the current purchased power and fuel adjustment clause rate ("PPFAC"), to establish a new PPFAC bank, and to begin accruing carrying charges and to request approved guidelines for the recovery of costs incurred in connection with energy risk management initiatives ("Application").

On September 19 and 26, 2001, Citizens filed amendments to its Application, requesting authorization to change the current PPFAC to recover the approximate \$87 million under-collected bank balance and the incremental cost of generation as reflected in a new contract with Pinnacle West Capital Corporation, the parent of Arizona Public Service ("APS"); to begin accruing carrying charges on the accumulated balance of power supply costs; and to amortize the current PPFAC bank balance over a longer period than a twelve month recovery period. ("Amended Application").

By Procedural Order issued on November 15, 2001, the matter was set for hearing to commence on March 4, 2002. By Procedural Order issued December 6, 2001, public comment sessions were scheduled.

On December 19, 2001, the Commission's Utilities Division Staff ("Staff") filed a Motion to Extend Time for Submitting Staff Report or Testimony ("Motion").

1 On December 26, 2001, Citizens filed its Response to Staff's Motion to Extend Time for  
2 Submitting Staff Report or Testimony.

3 On January 7, 2002, Staff filed its Reply to Applicant's Response to Staff's Motion to Extend  
4 Time.

5 In its Motion, Staff states that it has been diligently conducting discovery since the issuance  
6 of the Procedural Order. Staff asserts that Citizens' answers to Staff data requests have "either been  
7 non-responsive to Staff's requests for information and data requests, or have supplied information  
8 which does not comply with Staff's requests. The continued delays experienced by Staff in receiving  
9 the information necessary for preparation of its testimony, has jeopardized Staff's ability to  
10 adequately prepare its testimony prior to the January 15, 2002 filing deadline." Staff requested a  
11 delay until February 8, 2002.

12 Citizens opposes the requested delay. In its Response, Citizens states that it has "made every  
13 effort to provide information to the parties in a timely and complete manner." Citizens asserts that  
14 "[a]ny further delay will be extremely prejudicial to Citizens" because it continues to incur "several  
15 hundred thousand dollars in additional, unrecoverable carrying costs on the undercollected bank  
16 balance."

17 In its Reply, Staff asserts that Citizens' responses to data requests have been incomplete and  
18 to force Staff to go forward with incomplete information prejudices Staff, not Citizens.<sup>1</sup> Staff states  
19 that it understands that Citizens might incur additional carrying costs, but believes that in order to  
20 insure the public interest is guaranteed, Staff must "verify that Citizens' requested purchased power  
21 costs are fair, appropriate, and in accordance with applicable Arizona law." Staff argues that since  
22 Citizens "waited several months to file an amendment to its application detailing very significant  
23 developments in its dispute with APS, it seems appropriate to grant Staff a mere three-week  
24 extension to ensure that the public interest is protected."

25 Although Citizens states that this matter has been pending for over fifteen months, from

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26 <sup>1</sup> Staff states that during a December 21, 2001 telephone call, it learned that additional files existed  
27 analyzing data Citizens had provided, and Citizens agreed to provide copies to Staff but as of January  
28 7, 2002, Staff had not received the files.

1 November 17, 2000 until September 19, 2001, the parties were waiting for Citizens to file its "update  
2 to its application to incorporate the results of its audit of the APS power contract" in compliance with  
3 the November 17, 2000 Procedural Order. According to Staff, the amendment details "very  
4 significant developments in its dispute with APS", and allowing the parties a little more than four  
5 months to obtain and analyze such information is reasonable and appropriate. Having a complete,  
6 thorough, and accurate record will assist the Commission in making a timely decision that is fair and  
7 reasonable. Accordingly, we will grant Staff's Motion.

8 Pursuant to A.A.C. R14-3-101, the Commission now issues this Amended Procedural Order  
9 to govern the preparation and conduct of this proceeding.

10 IT IS THEREFORE ORDERED that the evidentiary portion of the hearing in the above-  
11 captioned matter currently scheduled for March 4, 2002 will be continued until March 25, 2002 at  
12 10:00 a.m. or as soon thereafter as practical, at the Commission's offices, 1200 West Washington  
13 Street, Phoenix, Arizona 85007. Public comment will also be taken on that date at the  
14 commencement of the hearing.

15 IT IS FURTHER ORDERED that public comments in the above-captioned matter shall be  
16 taken on March 4, 2002 at 10:00 a.m. or as soon thereafter as practical, at the Commission's offices,  
17 1200 West Washington Street, Phoenix, Arizona 85007.

18 / IT IS FURTHER ORDERED that a Procedural Conference shall be held commencing at 1:30  
19 p.m. on March 21, 2002, at the Commission's offices, 1200 West Washington Street, Phoenix,  
20 Arizona 85007.

21 IT IS FURTHER ORDERED that the Staff Report and/or testimony and associated exhibits to  
22 be presented at hearing on behalf of Staff shall be reduced to writing and filed on or before February  
23 8, 2002.

24 IT IS FURTHER ORDERED that testimony and associated exhibits to be presented at hearing  
25 on behalf of Intervenors shall be reduced to writing and filed on or before February 8, 2002.

26 IT IS FURTHER ORDERED that rebuttal testimony and associated exhibits to be presented  
27 at hearing on behalf of Citizens shall be reduced to writing and filed on or before March 1, 2002.

28 IT IS FURTHER ORDERED that any surrebuttal testimony and associated exhibits to be

presented by Staff or Intervenors, shall be reduced to writing and filed on or before March 13, 2002.

IT IS FURTHER ORDERED that any rejoinder testimony and associated exhibits to be presented on behalf of Citizens shall be reduced to writing and filed on or before March 19, 2002.

IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to pre-filed testimony shall be reduced to writing and filed prior to the pre-hearing conference.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

DATED this 14th day of January, 2002.

  
LYN FARMER  
CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered  
this 14th day of January, 2002 to:

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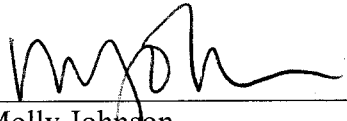
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16 Secretary to Lyn Farmer  
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